

THE JACOBS REPORT

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FOURTEENTH DISTRICT

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SENATE TO MEDICAID: HEALTHY LIFESTYLES ENCOURAGED

Bill Offers Incentives

Senate Bill 1255 passed the chamber this week. If signed into law, the legislation would require the Department of Community Health (DCH) to offer incentives to healthy Medicaid recipients. That could mean recipients would pay less in premiums and co-pays or receive additional benefits if they adopt healthier lifestyles. Groups like HMOs that administer benefits would get higher payments for meeting goals of health improvement indicators.

Senator Tom George (R-Kalamazoo), sponsor of the bill, said that the incentives would encourage people to take control of their health and hopefully reduce health care costs.

Democrats, who cautioned that the legislation was not a panacea for all the state's health care woes, mostly agreed that it marks a beginning for better health care coverage. The final vote was nearly unanimous, with only two Democratic senators voting no.

The provisions would require the Granholm administration to seek a federal waiver similar to the one obtained by West Virginia. Some Democrats voiced hope that it would build support for the Granholm Administration's proposal for a waiver to expand health care coverage to half of the 1.1 million uninsured persons in the state.

At the very least, SB 1255 gives the Legislature an opportunity to make some changes in the Medicaid program and in the process gain some input in the waiver process.

EARLY OUT POPULAR WITH STATE EMPLOYEES, UNIONS

Capitol-area Legislator Introduces "80 and Out" Plan

Representative Rick Jones (R-Grand Ledge) introduced legislation this week that would create a retirement threshold of 80 years combined age and service for state employees. That eligibility would start on January 1, 2007 and end September 1, 2007. An employee applying for early retirement could extend their retirement window to September 1, 2010.

The United Auto Workers Local 6000, which represents state employees, said that some members would like to see a permanent "80" policy in place. A spokesperson for the union added that all retired positions should be refilled at full capacity while full health care coverage would be guaranteed for early retirees.

Not so fast, said the chair of the House Senior Health, Security and Retirement Committee, Rep. Barb Vander Veen (R-Allendale). Vander Veen said that she has no plans to take up any

legislation in her committee that would provide incentives for the early retirements of state employees.

Governor Jennifer Granholm has also indicated she does not want an early out program to occur. A spokesperson for the governor said that the state is still feeling the ramifications from the early retirement offer in 2002, where 8,000 state employees retired, and subsequently many positions were left unfilled.

MENTAL HEALTH PARITY CLEARS FIRST HURDLE

Bills Reported Out of Health Policy

The Senate Health Policy Committee moved a two-bill package that would require health care policies with mental health coverage to offer that mental health care coverage at the same rate as physical health coverage.

The bills are controversial. This week's testimony lasted for nearly two hours, which was in addition to fifteen hours of prior public hearings. Several people gave examples of the discrepancies between their physical and mental health care coverage. One woman estimated her lifetime physical health benefits capped at \$5 million while her lifetime mental health benefits capped at \$30,000.

If employers treat mental and physical coverage the same and provide more mental health coverage, it will decrease the cost of insurance, Hammerstrom said.

Members of the business and insurance communities disagreed.

Hammerstrom explained that many people with mental health problems go to the emergency room for other ailments because they are not able to go to a doctor to address the real problem. If they were covered by insurance, they would be more likely to utilize their doctors and thus avoid the emergency room.

The better the coverage a person has, the more inclined he or she may be to get the proper treatment the first time around, which would decrease insurance costs, she concluded.

All of the business groups that testified, including the Michigan Chamber of Commerce and the Michigan Manufacturer's Association (MMA), said the bills would increase insurance costs, which would eventually force some employers to stop offering health insurance.

"Health care is the company's largest fixed cost," said Kathleen Neal, representing the Daimler Chrysler Corporation. "It's more than steel and rubber."

Arguments advanced in opposition to the legislation included concerns that it will increase the employer's health care costs, discourage competition and interfere with collective bargaining deals.

Thirty-nine states have adopted similar legislation, seemingly without the negative effects cited above.

The bills (SB 230 & 231) both passed 3-1 with Sen. Gretchen Whitmer (D-East Lansing) passing and Senator Tom George voting no. Senators Hammerstrom, Jacobs (D-Huntington Woods), and Patterson (R-Canton) all voted yes.

The bills now advance to the Senate floor.

All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/>.

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State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at sengjacobs@senate.michigan.gov or toll-free at 1-888-937-4453.

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